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### 1. PURPOSE

The purpose of this Contract Closeout Policy (Policy) is to set forth Bonneville Power Administration's (BPA) required standards and procedures governing the closeout of Contracts. Under this Policy, Contracts are required to undergo a closeout procedure to ensure all contractual obligations and internal requirements are properly satisfied.

### 2. TERM

Customer Support Services (CSS), in collaboration with applicable Front, Middle and Back Office stakeholders, will periodically review and revise this policy to ensure it continues to serve agency objectives.

### 3. AUTHORITY

In accordance with Bonneville Power Administration (BPA) Manual, Chapter 21, the Customer Support Services (CSS) Director has created this policy as the lead for overseeing and establishing the agency Contract governance policies, internal controls, rules, procedures, and standards for commercial business, and through the collaboration with stakeholders.

### 4. SCOPE<sup>1</sup>

All Contracts are subject to this policy when they expire or are terminated or superseded.

### 5. DEFINITIONS

The following defined terms apply to this policy. All Contracts and related documents that fall within the scope of this policy shall be administered consistently with the definitions and requirements below.

- a. **Account Executive/Authorized Delegate (Account Executive):** A BPA employee with delegation of authority under BPA Manual chapter 20 to execute a binding Contract.
- b. **Account Specialist:** Employee who develops a Contract involving Counterparty negotiations. This definition also includes Contract Specialists and may include Public Utilities Specialists assigned to front office contracting organizations.
- c. **Contract Administrator:** For the purposes of this Policy, an employee who administers post-execution contracts.
- d. **Contract Closeout:** The steps sequenced to ensure that contractual obligations, communication and outreach, and documentation requirements are satisfied before changing a contract's status from Executed to Expired, Terminated or Superseded in Customer Contract Management (CCM).
- e. **Counterparty:** Any non-BPA party to a Contract with BPA. In a Memorandum of Understanding (MOU) or Memorandum of Agreement (MOA) between two or more BPA organizations, or federal agencies, the organization or agency which has primary management of the document, will treat the other BPA organization as the Counterparty. The BPA

<sup>1</sup> The Contract Close-Out Policy requirements will be implemented according to a schedule posted on the Customer Contracting Tools page and maintained by the KSC Policy & Change Management Team. This schedule may be dependent on how an organization administering a contract implements CCM, either as part of the third phase of the CCM Project (CCM3) or as planned out between KSC and the manager or supervisor of that organization.



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organization that has primary management of the MOU or MOA is normally assigned to the organization that initiates it and has the majority of the duties in, or is associated with, the Contract Type Function label for the MOU or MOA in CCM.

- f. **Contract:** Business agreements for Power Services, Transmission Services, and Energy Efficiency. For the purposes of this Policy, Contracts shall include Memoranda of Agreement and Memoranda of Understanding.
- g. **Customer Contract Management (CCM) System:** Internal electronic contract system that allows BPA to manage the lifecycle of Contracts from creation to closeout, including document storage.
- h. **Customer Data Management System (CDM):** Internal BPA-wide centralized web-based source for account and contact information regarding customers, associations, and developers, CDM data is shared widely with other agency business line applications and systems.
- i. **Evergreen Contracts:** Contracts that do not have an explicit expiration date or provisions for termination.
- j. **Post-Execution CCM Contract States**
  - i. **Superseded:** The Contract has been replaced in its entirety by another Contract.
  - ii. **Expired:** The Contract has ended by its own terms as stated in the original (or amended) document.
  - iii. **Terminated:** The Contract has ended prior to its expiration date by deliberate action of one or more parties, mutual agreement or if no expiration date is specified, the contract has ended for other cause.

### 6. CONTRACT CLOSEOUT PROCESS

The following process is applicable for all Contracts that are due to expire, be superseded, or terminate. It is estimated that most contracts falling under this Policy will closeout pursuant to the terms of the Contract. It is the responsibility of the Contract Administrator assigned to the Contract to document in CCM the disposition of all items in this section. Such documentation may be accomplished by completing the individual closeout tasks in CCM. In the event a Contract is terminated for reasons other than those provided for in the Contract, the procedures followed and notifications made will depend on the individual situation as reflected in a Contract settlement or judicial ruling. Billing disputes identified under this Policy will be referred to the Billing Adjustment Policy.

The Contract Administrator will work with the Account Executive and the Revenue Analyst or Program Analyst to resolve any item below related to Customer Billing.

As reasonable, the Contract Administrator will ensure that the Closeout Process in Section 6(a) – (h) is initiated for all Contracts and completed within 90 days.

- a. **Notification to Account Executive and Account Specialist:** Notify the Account Executive and Account Specialist of the Contract Closeout Process, their respective roles, and the 90-day timeline.



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- b. Identify Contract Closeout Stakeholders:** Identify the BPA stakeholders who may need to be participate in the Contract Closeout process and the 90-day timeline. The stakeholders may include staff from organizations responsible for implementing the contract, such as Customer Billing (KSB), Scheduling, Customer Service Engineering (TPC), Metering (KSM), General Accounting (FRG), Treasury (FTT), Environment Fish & Wildlife (KE), Project Management Analysis & Schedule (TEPO), and Office of General Counsel (L).
- c. Notification to Counterparty.** Work with Account Executive to develop a notification plan as necessary. Account Executive may, after consulting with Office of General Counsel, provide the Counterparty with the proposed date that service/sale/acquisition under the Contract will stop and the date the contract will terminate or expire. The Account Executive may also inform the Counterparty that BPA is performing a Contract Closeout to assure all terms and conditions have been satisfied and request that the Counterparty raise any issue(s) as soon as possible. In many instances, the contract may expire on its own terms without notifying the counterparty.
- d. Contract Obligations Check.** Check to determine and document that all activities, information sharing, and listed obligations in the Contract are complete and when they were completed. The Contract Administrator should confirm that any power, transmission or other services obligated under the Contract have been delivered and document the final service date.
  - i.** If the Contract allows for obligations to be preserved until satisfied after Closeout, the Contract Administrator must work with the Account Executive, Account Specialist and any impacted stakeholders to determine how those outstanding obligations will be tracked using CCM. Until all obligations are satisfied the Contract will continue to be tracked in CCM.
- e. Validate Contract Documentation Record in CCM.** Confirm that all contract documents are stored and updated in CCM. The Contract Administrator should consult with the Account Specialist or the Account Executive to determine how to address any missing information. The Contract Administrator should also validate and work with the Contract Management and Administration's System & Tools Team to validate the required paper file for the Contract. If a termination letter is executed, it will be stored in the Amendment section of CCM.
- f. Necessary Actions for Related Contracts.** Identify any related contracts and notify the Account Executives and Account Specialists for those related contracts that the Contract is being closed out. This may trigger a separate determination by an Account Executive of whether the related contracts should be terminated, expired, or superseded.
- g. Financial True-Up:** Work with Finance (F), Customer Billing (KSB), and Project Management Analysis & Schedule (TEPO), as appropriate, to identify the financial provisions in the Contract and determine whether those provisions will require additional follow-up after the Contract has closed out. If the Contract includes financial provisions, then the Contract Administrator should complete the financial true-up by verifying or determining the following before the Contract is closed. If completing the financial true-up occurs past the date the Contract is closed then the contract will continue to be tracked in CCM until financial true-up items are satisfied:
  - i.** Final date of service and the final billing date (working with Customer Billing)
  - ii.** Whether the final invoice has been paid (if already issued and due)



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- iii. Any escrow or trust accounts established by the contract have been closed and the date is noted (or a determination has been made as to the date that this action can occur)
  - iv. Final accounting has been rendered,
  - v. Remaining prepaid balance has been returned to the Counterparty, or that any outstanding balance has been paid by the Counterparty after confirmation that no other amounts are due to or from BPA, or eligible for internal offset with the Counterparty.
  - vi. Prorated balance of any prepayment or overpayment has been returned to the Counterparty after confirmation that no other amounts are due to BPA, eligible for internal offset with the same Counterparty.
  - vii. Verification procedures vary by contract type and can include searching BPA's Billing Invoice Lookup System (BILS) and email queries to KSB, TEPO, or Finance/Treasury (FTT).
  - viii. Whether continuing revenue or expense accruals are associated with the Contract (consult FRG)
  - ix. Amounts are owed to BPA (check with Cash and Treasury Management (FTT))
  - x. If future payment amounts that are due to the Counterparty under the Contract (if so, notify Disbursement Operations (FTD))
  - xi. Fee administration for OATT contracts are managed outside of CCM
- h. Follow-up with the Account Executive.** For Contracts where actions such as equipment removal or final accounting must be performed prior to Closeout, or when a decision must be made as to whether the contractual relationship will continue via a new or extended Contract, the Contract Administrator will follow up with the Account Executive (and other responsible stakeholders, if appropriate).
- i. Notify CCM Support.** After completing steps (a) through (h) in this Section of the Policy, the Contract Administrator should either send an email or assign a task to the CCM Support Desk, [CCM\\_Support@bpa.gov](mailto:CCM_Support@bpa.gov), to change the status of the Contract and all its associated documents to Expired, Superseded or Terminated.
- i. The Contract Administrator should complete any task in CCM associated with closeout or track any set due dates for any tasks that would be closed after the Contract is Expired, Superseded or Terminated.
  - ii. The Contract Administrator should attach any documentation related to Contract Closeout for upload to CCM.
  - iii. The Contract Administrator may add a comment in CCM explaining why the Contract was closed out, for example, "Terminated per expiration date in contract."
- j. Status Change in CCM.** The CCM Support Desk changes the status of the Contract to Terminated, Expired or Superseded. Include the date the change in status will take effect in CCM.

### 7. TRACKING CONTRACT CLOSEOUT

Organizations shall utilize the Contract Management (CCM) system to implement this Policy when creating and managing tasks associated with contracts.

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- a. **Use CCM Expiration Report.** Contract Administrator will run six-month expiration reports in order to obtain advance notification of contracts that are due to expire with the exception of OATT contracts . Notifications for OATT are sent to staff via the OASIS.
- b. **Use Contract Implementation Plan (CIP) Tasks:** Contract Administrator will create a task in CCM for a Contract with a known Expiration Date that will trigger at least 90 days prior that date. Additionally, the Contract Administrator may build additional tasks to monitor other actions or events that may trigger termination provisions.


### 8. SPECIAL CONSIDERATIONS

- a. **Evergreen Contracts:** Whenever an Evergreen Contract is identified the Account Executive should endeavor to negotiate an expiration date or terms under which the Contract may be terminated. If an expiration date is not possible, the Contract Administrator should set-up a basis for a periodic review to determine whether the Contract should be closed out in the future.
- b. **Defunct Counterparty and Change in Counterparty:** Account Executive, in collaboration with the Account Specialist, Contract Administrator, and Office of General Counsel (L) will identify the successor in interest (if any) and document any information in the Customer Data Management (CDM) System. Dissolution of a Counterparty may create a need to expedite the Account Executive determination and any necessary subsequent closeout procedures.

### 9. SUPPORTING DOCUMENTATION

Appendix A: Contract Implementation Plan (CIP) for Close-Out of Contract


This policy is approved in accordance with the delegation of authority in BPA Manual Chapter 21.10.

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### APPENDIX A: Contract Implementation Plan (CIP) for Closeout of Contracts

Task Order	Name	Description	Reference	Trigger Description	Selected Roles
1	Notification to Account Executive and Account Specialist	Notify the Account Executive and Account Specialist of the Contract Closeout Process, their respective roles, and the 90-day timeline	Closeout Policy Section 6(a)	Contract has been identified as being due to expire, be superseded or terminated.	Contract Administrator
2	Identify Contract Closeout Stakeholders	Identify the BPA stakeholders who may need to be participate in the Contract Closeout process and the 90-day timeline. The stakeholders may include staff from organizations responsible for implementing the contract, such as KSB, Scheduling, TPC, KSM, FRG, FTT, KE, TEPO, and L.	Closeout Policy Section 6(b)	Account Executive and Account Specialist have been notified	Contract Administrator
3	Notification to Counterparty	Work with Account Executive to develop notification plan as necessary.	Closeout Policy Section 6(c)	Account Executive and Account Specialist have been notified that Contract is due to expire, be superseded or terminate	Contract Administrator
4	Contract Obligations Check	Check to determine and document that all activities, information sharing, and listed obligations in the Contract are complete and when they were completed. The Contract Administrator should confirm that any power, transmission or other services obligated under the Contract have been delivered and document the final service date.	Closeout Policy Section 6(d)	Identified Contract Closeout Stakeholders	Contract Administrator
5	Determine Tracking of Obligations Preserved after Closeout	Contract Administrator should work with the Account Executive, Account Specialist and any impacted stakeholders to determine how those outstanding obligations will be tracked using CCM.	Closeout Policy Section 6(d)(i)	Contract Obligations check completed	Contract Administrator



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6	Validate Contract Documentation Record in CCM	Confirm that all contract documents are stored and updated in CCM The Contract Administrator should consult with the Account Specialist or the Account Executive to determine how to address any missing information. The Contract Administrator should also validate and work with Contract Management & Administration System & Tools Team to validate the required paper file for the Contract.	Closeout Policy Section 6(e)	Contract Obligations check completed	Contract Administrator
7	Necessary Actions for Related Contracts.	Identify any related contracts and notify the Account Executives and Account Specialists for those related contracts that the Contract is being closed out. This may trigger a separate determination by an Account Executive of whether the related contracts should be terminated, expired, or superseded	Closeout Policy Section 6(f)	Contract Obligations check completed	Contract Administrator



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8	Complete Financial True-Up	<p>Work with F, KSB, and TEPO, as appropriate to identify the financial provisions in the Contract and determine whether additional follow-up is required. Set a timeline to verify or determine the following:</p> <ul style="list-style-type: none"> <li>i. Final date of service and the final billing date (working with KSB)</li> <li>ii. Final invoice has been paid (if already issued and due)</li> <li>iii. Escrow/ trust accounts closed and the date is noted or determined,</li> <li>iv. Final accounting rendered,</li> <li>v. Remaining prepaid balance returned to Counterparty, or outstanding balance paid by the Counterparty after confirmation that no other amounts are due to or from BPA, or eligible for internal offset with the Counterparty.</li> <li>vi. Prorated balance of any prepayment or overpayment returned after confirming no other amounts are due to BPA, eligible for internal offset</li> <li>vii. Use appropriate verification procedures</li> <li>viii. Continuing revenue or expense accruals (consult FRG)</li> <li>ix. Amounts are owed to BPA (check with FTT)</li> <li>x. Future payment amounts are due to Counterparty under the Contract (notify FTD)</li> </ul>	Closeout Policy Section 6(g)	Identified Contract Closeout stakeholders	Contract Administrator
9	Follow-Up with the Account Executive	For Contracts where actions such as equipment removal or final accounting must be performed prior to Closeout, or where a decision must be made as to whether the contractual relationship will continue via a new or extended Contract, follow up with the Account Executive (and other responsible stakeholders, if appropriate).	Closeout Policy Section 6(h)	Contract obligations check and financial true-up are completed.	Contract Administrator





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10	Notify CCM Support	After completing steps (a) through (h) in this Section of the Policy, the Contract Administrator should either send an email or assign a task to the CCM Support Desk, CCM_Support@bpa.gov, to change the status of the Contract and all its associated documents to Expired, Superseded or Terminated.	Closeout Policy Section 6(i)	All steps for the Contract Closeout process have been closed.	Contract Administrator
11	Status Change in CCM	The CCM Support Desk changes the status of the Contract to Terminated, Expired or Superseded. Include the date the change in status will take effect in CCM.	Closeout Policy Section 6(j)	All steps for the Contract Closeout process have been closed.	Contract Administrator